

QUARTERLY REPORT

LICENSEE: BOARDWALK REGENCY CORPORATION (Caesars Atlantic City)

FOR THE QUARTER ENDED DECEMBER 31, 2002

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

BALANCE SHEETS

AS OF DECEMBER 31, 2002 AND 2001

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2002 (c)	2001 (d)
	ASSETS		
	Current Assets:		
1	Cash and Cash Equivalents.....	\$ 37,061	\$ 36,440
2	Short-Term Investments.....	-	-
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts-(2002, \$7,857; 2001, \$13,676)..... Note 2.....	51,115	62,119
4	Inventories..... Note 1.....	3,137	3,241
5	Prepaid Expenses and Other Current Assets.....	2,837	2,021
6	Total Current Assets.....	94,150	103,821
7	Investments, Advances, and Receivables..... Note 3.....	15,640	14,119
8	Property and Equipment - Gross..... Notes 1, 4 & 9.....	880,513	848,128
9	Less: Accumulated Depreciation and Amortization.....	(343,656)	(310,297)
10	Property and Equipment - Net.....	536,857	537,831
11	Other Assets.....	70	153
12	Total Assets.....	\$ 646,717	\$ 655,924
	LIABILITIES AND EQUITY		
	Current Liabilities:		
13	Accounts Payable.....	\$ 14,792	\$ 7,646
14	Notes Payable..... Note 5.....	-	-
	Current Portion of Long-Term Debt:		
15	Due to Affiliates..... Note 8.....	-	-
16	Other..... Note 9.....	416	387
17	Income Taxes Payable and Accrued..... Note 1.....	-	-
18	Other Accrued Expenses..... Note 6.....	28,274	28,614
19	Other Current Liabilities..... Note 7.....	48,895	31,693
20	Total Current Liabilities.....	92,377	68,340
	Long-Term Debt:		
21	Due to Affiliates..... Note 8.....	518,330	518,330
22	Other..... Note 9.....	728	1,174
23	Deferred Credits.....	-	-
24	Other Liabilities.....	5,472	5,127
25	Commitments and Contingencies.....		
26	Total Liabilities.....	616,907	592,971
27	Stockholders', Partners', or Proprietor's Equity.....	29,810	62,953
28	Total Liabilities and Equity.....	\$ 646,717	\$ 655,924

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2002 AND 2001

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2002 (c)	2001 (d)
	Revenue:		
1	Casino.....Note 1.....	\$ 519,692	\$ 480,761
2	Rooms.....	36,522	40,202
3	Food and Beverage.....	74,052	65,209
4	Other.....	26,017	24,137
5	Total Revenue.....	656,283	610,309
6	Less: Promotional Allowances.....Note 1.....	139,225	126,425 *
7	Net Revenue.....	517,058	483,884
	Costs and Expenses:		
8	Cost of Goods and Services.....	281,716	261,393
9	Selling, General, and Administrative.....	62,941	63,622 *
10	Provision for Doubtful Accounts.....	2,039	3,010
11	Total Costs and Expenses.....	346,696	328,025
12	Gross Operating Profit.....	170,362	155,859
13	Depreciation and Amortization.....Note 1.....	37,880	35,691
	Charges from Affiliates Other than Interest:		
14	Management Fees.....Note 10.....	16,912	15,735
15	Other.....Note 10.....	6,316	6,195
16	Income (Loss) from Operations.....	109,254	98,238
	Other Income (Expenses):		
17	Interest (Expense) - Affiliates.....Note 5 & 8.....	(44,058)	(44,058)
18	Interest (Expense) - External.....Note 9.....	(371)	(48)
19	Investment Alternative Tax and Related Income (Expense) - Note 1.....	(2,046)	(3,797)
20	Nonoperating Income (Expense) - Net.....Note 11.....	(468)	401
21	Total Other Income (Expenses).....	(46,943)	(47,502)
22	Income (Loss) Before Income Taxes and Extraordinary Items.....	62,311	50,736
23	Provision (Credit) for Income Taxes.....Note 1.....	25,454	20,726
24	Income (Loss) Before Extraordinary Items.....	36,857	30,010
	Extraordinary Items (Net of Income Taxes -		
25	20__, \$; 20__, \$).....		
26	Net Income (Loss).....	\$ 36,857	\$ 30,010

*Restated to conform to the 2002 presentation.

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 2002 AND 2001

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2002 (c)	2001 (d)
	Revenue:		
1	Casino.....Note 1.....	\$ 118,412	\$ 121,084
2	Rooms.....	8,817	9,840
3	Food and Beverage.....	17,667	16,396
4	Other.....	6,030	5,142
5	Total Revenue.....	150,926	152,462
6	Less: Promotional Allowances.....Note 1.....	31,992	31,619 *
7	Net Revenue.....	118,934	120,843
	Costs and Expenses:		
8	Cost of Goods and Services.....	70,779	64,755
9	Selling, General, and Administrative.....	14,114	20,171 *
10	Provision for Doubtful Accounts.....	178	1,781
11	Total Costs and Expenses.....	85,071	86,707
12	Gross Operating Profit.....	33,863	34,136
13	Depreciation and Amortization.....Note 1.....	9,316	9,628
	Charges from Affiliates Other than Interest:		
14	Management Fees.....Note 10.....	3,829	3,809
15	Other.....Note 10.....	1,587	1,564
16	Income (Loss) from Operations.....	19,131	19,135
	Other Income (Expenses):		
17	Interest (Expense) - Affiliates.....Note 5 & 8.....	(11,105)	(11,105)
18	Interest (Expense) - External.....Note 9.....	(84)	140
19	Investment Alternative Tax and Related Income (Expense)Note 1.....	(158)	(1,154)
20	Nonoperating Income (Expense) - Net.....Note 11.....	(695)	89
21	Total Other Income (Expenses).....	(12,042)	(12,030)
22	Income (Loss) Before Income Taxes and Extraordinary Items.....	7,089	7,105
23	Provision (Credit) for Income Taxes.....Note 1.....	2,896	2,903
24	Income (Loss) Before Extraordinary Items.....	4,193	4,202
	Extraordinary Items (Net of Income Taxes -		
25	20__, \$; 20__, \$).....		
26	Net Income (Loss).....	\$ 4,193	\$ 4,202

*Restated to conform to the 2002 presentation.

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001 AND DECEMBER 31, 2002

(UNAUDITED)
(\$ IN THOUSANDS)

Line	Description	Common Stock		Preferred Stock		Additional Paid-In Capital	Retained Earnings (Accumulated)	Total Stockholders' Equity (Deficit)
(a)	(b)	Shares (c)	Amount (d)	Shares (e)	Amount (f)			
1	Balance, December 31, 2000.....	100	\$ 1,370		\$ 46,065	\$	\$ (14,492)	\$ 32,943
2	Net Income (Loss) - 2001.....						30,010	30,010
3	Contribution to Paid-in-Capital.....							
4	Dividends.....							
5	Prior Period Adjustments.....							
6								
7								
8								
9								
10	Balance, December 31, 2001.....	100	1,370	-	46,065	-	15,518	62,953
11	Net Income (Loss) - December 31, 2002....						36,857	36,857
12	Contribution to Paid-in -Capital.....							
13	Dividends.....						(70,000)	(70,000)
14	Prior Period Adjustments.....							
15								
16								
17								
18								
19	Balance, December 31, 2002.....	100	\$ 1,370	-	\$ 46,065	-	\$ (17,625)	\$ 29,810

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2002 AND 2001

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2002 (c)	2001 (d)
1	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES.....	\$ 99,746	\$ 68,356
2	CASH FLOWS FROM INVESTING ACTIVITIES:		
3	Purchase of Short-Term Investment Securities.....		
4	Proceeds from the Sale of Short-Term Investment Securities.....		
5	Cash Outflows for Property and Equipment.....	(38,064)	(33,485)
6	Proceeds from Disposal of Property and Equipment.....	456	1
7	Purchase of Casino Reinvestment Obligations.....	(6,400)	(3,431)
8	Purchase of Other Investments and Loans/Advances made.....	2,833	874
9	Proceeds from Disposal of Investments and Collection of Advances and Long-Term Receivables.....		
10	Cash Outflows to Acquire Business Entities.....		
11			
12	Net Cash Provided (Used) By Investing Activities.....	(41,175)	(36,041)
13	CASH FLOWS FROM FINANCING ACTIVITIES:		
14	Cash Proceeds from Issuance of Short-Term Debt.....		
15	Payments to Settle Short-Term Debt.....		
16	Cash Proceeds from Issuance of Long-Term Debt.....		
17	Costs of Issuing Debt.....		
18	Payments to Settle Long-Term Debt.....	(417)	(349)
19	Cash Proceeds from Issuing Stock or Capital Contributions.....		
20	Purchases of Treasury Stock.....		
21	Payments of Dividends or Capital Withdrawals.....	(70,000)	
22	Borrowings/Payments of Intercompany Payable.....	12,467	(32,040)
23	Net Cash Provided (Used) By Financing Activities.....	(57,950)	(32,389)
24	Net Increase (Decrease) in Cash and Cash Equivalents.....	621	(74)
25	Cash and Cash Equivalents at Beginning of Period.....	36,440	36,514
26	Cash and Cash Equivalents at End of Period.....	\$ 37,061	\$ 36,440

	CASH PAID DURING PERIOD FOR:		
27	Interest (Net of Amount Capitalized).....	\$ 44,429	\$ 44,107
28	Income Taxes.....	\$ 25,454	\$ 20,726

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2002 AND 2001

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2002 (c)	2001 (d)
	NET CASH FLOWS FROM OPERATING ACTIVITIES:		
29	Net Income (Loss).....	\$ 36,857	\$ 30,010
	Noncash Items Included in Income and Cash Items Excluded from Income:		
30	Depreciation and Amortization of Property and Equipment.....	37,797	35,406
31	Amortization of Other Assets.....	83	285
32	Amortization of Debt Discount or Premium.....		
33	Deferred Income Taxes - Current.....		
34	Deferred Income Taxes - Noncurrent.....		
35	(Gain) Loss on Disposition of Property and Equipment.....	785	
36	(Gain) Loss on Casino Reinvestment Obligations.....	2,046	3,797
37	(Gain) Loss from Other Investment Activities.....		
	Net (Increase) Decrease in Receivables and Patrons'		
38	Checks.....	(1,463)	(2,027)
39	Net (Increase) Decrease in Inventories.....	104	446
40	Net (Increase) Decrease in Other Current Assets.....	(816)	547
41	Net (Increase) Decrease in Other Assets.....	-	2,744
42	Net Increase (Decrease) in Accounts Payable.....	7,146	(149)
	Net Increase (Decrease) in Other Current Liabilities		
43	Excluding Debt.....	16,862	804
	Net Increase (Decrease) in Other Noncurrent Liabilities		
44	Excluding Debt.....	345	(3,507)
45			
46			
47	Net Cash Provided (Used) By Operating Activities.....	\$ 99,746	\$ 68,356

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:		
48	Additions to Property and Equipment.....	\$ (38,064)	\$ (33,485)
49	Less: Capital Lease Obligations Incurred.....		
50	Cash Outflows for Property and Equipment.....	\$ (38,064)	\$ (33,485)
	ACQUISITION OF BUSINESS ENTITIES:		
51	Property and Equipment Acquired.....		
52	Goodwill Acquired.....		
	Net Assets Acquired Other than Cash, Goodwill, and		
53	Property and Equipment.....		
54	Long-Term Debt Assumed.....		
55	Issuance of Stock or Capital Invested.....		
56	Cash Outflows to Acquire Business Entities.....	\$ -	\$ -
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:		
57	Total Issuances of Stock or Capital Contributions.....		
58	Less: Issuances to Settle Long-Term Debt.....		
59	Consideration in Acquisition of Business Entities.....		
60	Cash Proceeds from Issuing Stock or Capital Contributions.....	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: BOARDWALK REGENCY CORPORATION (Caesars Atlantic City)

SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

(\$ IN THOUSANDS)

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2002

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	563,953	\$ 24,738		
2	Food	2,330,431	37,847		
3	Beverage	3,655,363	17,364		
4	Travel			84,089	\$ 4,250
5	Bus Program Cash	753,755	10,070		
6	Other Cash Complimentaries	799,567	39,994		
7	Entertainment	118,452	3,844	12,925	2,528
8	Retail & Non-Cash Gifts	154,499	4,968	116,829	8,061
9	Parking				
10	Other*	15,036	400	3,729	1,980
11	Total	8,391,056	\$ 139,225	217,572	\$ 16,819

FOR THE THREE MONTHS ENDED DECEMBER 31, 2002

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	142,367	\$ 5,863		
2	Food	593,497	8,826		
3	Beverage	948,641	4,261		
4	Travel			5,238	\$ 662
5	Bus Program Cash	143,164	1,934		
6	Other Cash Complimentaries	199,474	8,743		
7	Entertainment	19,859	788	7,304	1,056
8	Retail & Non-Cash Gifts	43,163	1,490	19,840	1,455
9	Parking				
10	Other*	829	87	332	398
11	Total	2,090,994	\$ 31,992	32,714	\$ 3,571

* No single item within "Other" exceeds 5% of the total.

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and basis of presentation

Boardwalk Regency Corporation (the "Company"), a New Jersey corporation, is a wholly owned subsidiary of Caesars New Jersey, Inc. ("CNJ"), a New Jersey corporation. The Company owns and operates Caesars Atlantic City Hotel/Casino ("CAC") in Atlantic City, New Jersey. CNJ is a wholly owned subsidiary of Caesars World, Inc. ("CWI"), a Florida corporation, and CWI is a wholly owned subsidiary of Park Place Entertainment ("PPE"). The Company operates in one industry segment and all significant revenues arise from its casino and supporting hotel operations.

All adjustments to these financial statements have been recorded and are, in the opinion of management, necessary for a fair presentation of the balance sheets for the Company at December 31, 2002 and 2001, and its statements of income for the three and twelve months ended December 31, 2002 and 2001 and its statements of cash flows for the twelve months ended December 31, 2002 and 2001. All such adjustments were of a normal recurring nature.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenue and expenses reported during the period. Actual results could differ from such estimates.

Reclassifications

The financial statements for the prior year reflect certain reclassifications to conform with classifications adopted in 2002. The change in classifications had no effect on previously reported net income.

Revenue recognition and promotional allowances

Casino revenues represent the net revenue from gaming wins and losses. The revenues from hotel, food and beverage, and from theater ticket sales are recognized at the time the related services are performed. The Statement of Income reflects operating revenues including the retail value of complimentary services (also known as promotional allowances), which are deducted on a separate line to arrive at net revenues. Promotional allowances are provided to casino patrons without charge.

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

In the first quarter of 2001, the Emerging Issues Task Forces ("EITF") reached a consensus on certain issues in EITF 00-22 "Accounting for 'Points' and Certain Other Time-Based Sales Incentive Offers, and Offers for Free Products or Services to Be Delivered in the Future." EITF 00-22 requires that cash rebates or refunds as part of a customer loyalty program be shown as a reduction of revenues.

EITF 00-14 "Accounting for Certain Sales Incentives," which is effective January 1, 2002, focuses on the accounting for, and presentation of, discounts, coupons and rebates. EITF 00-14 requires that cash or equivalent amounts provided or returned to customers as part of a transaction should not be shown as an expense but should be an offset to the related revenue. The Company offers cash inducements and match-play coupons to customers to encourage visitation and play at the casino.

With the adoption of the new standards, the prior-year period presented has been reclassified to conform to the new presentation. This resulted in an addition to promotional allowances (and a corresponding reduction in selling, general and administrative expenses) of \$10,677 and \$11,756, for the three months ended December 31, 2002 and 2001, respectively, and \$50,064 and \$46,516, for the twelve months ended December 31, 2002 and 2001, respectively. The requirements of EITF 00-14 and EITF 00-22 do not have an impact on previously reported operating income or net income.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the weighted average cost method.

Property and equipment

Property and equipment are stated at cost. Depreciation is provided on the straight-line basis over the estimated economic lives of the related assets. Depreciation expense was \$9,309 and \$9,574 for the three months ended December 31, 2002 and 2001, respectively, and \$37,797 and \$35,406 for the twelve months ended December 31, 2002 and 2001, respectively.

<u>Asset class</u>	<u>Life</u>
Buildings	40 years
Building improvements	3-10 years
Furniture, Fixtures and Equipment	3-10 years

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Long-lived assets

In August 2001, the FASB issued Statement of Financial Accounting Standard No. 144, "Accounting for Impairment of Disposal of Long-Lived Assets" ("SFAS 144"). SFAS 144 supercedes existing accounting literature dealing with impairment and disposal of long-lived assets, including discontinued operations. It addresses financial accounting and reporting for the impairment of long-lived assets, and for long-lived assets to be disposed of, and expands current reporting for discontinued operations to include disposals of a "component" of an entity that has been disposed of or is classified as held for sale. The Company was required to adopt SFAS 144 effective January 2002. Implementation of this standard did not have a material impact on the Company's financial statements.

Fair values of financial instruments

The fair values of the Company's financial instruments including receivables, payables and debt, approximate their recorded book values at December 31, 2002 and 2001.

Income taxes

The Company is included in the consolidated federal income tax return of PPE. The Company provides for income taxes by applying the respective state and federal statutory rates to the pre-tax financial statement income. The corresponding liability or receivable is credited or charged to PPE. Income tax assets and liabilities for permanent and temporary differences between the carrying amounts for financial reporting and income tax purposes, if any, are accounted for by PPE.

Casino Reinvestment Development Authority

The New Jersey Casino Control Act provides, among other things, for an assessment of licensees equal to 1.25% of their gross gaming revenues in lieu of an investment alternative tax equal to 2.5% of gross gaming revenues. The Company has satisfied this investment obligation by (i) investing in qualified eligible direct investments, (ii) making qualified contributions or (iii) depositing funds with the Casino Reinvestment Development Authority ("CRDA"). Funds deposited with the CRDA may be used to purchase bonds designated by the CRDA or, under certain circumstances, may be donated to the CRDA in exchange for credits against future CRDA investment obligations. CRDA bonds have varying terms of up to fifty years and bear interest at below market rates. The Company records a charge to reflect the estimated realizable value of its CRDA investments.

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Allocations and transactions with related parties

The Company transfers cash in excess of its operating needs to PPE on a daily basis. PPE provides the Company with cash advances for capital expenditures and working capital needs.

Certain executive, administrative and support operations of the Company and other PPE affiliates are consolidated, including limousine services, advertising, sales and marketing services, purchasing and other administrative departments. Costs of these operations are allocated to or from the Company either directly or using various formulas based on estimates of utilization of such services. Management believes the methods used to allocate these costs are reasonable.

NOTE 2 – RECEIVABLES AND PATRONS' CHECKS

Receivables and patrons' checks as of December 31 consist of the following:

	<u>2002</u>	<u>2001</u>
Casino receivables (net of allowance for doubtful accounts – 2002, \$7,321; 2001, \$13,423)	\$ 13,575	\$ 13,754
Other (net of allowance for doubtful accounts – 2002, \$536; 2001, \$253)	3,961	3,097
Due from PPE	32,801	45,268
Due from other affiliates	<u>778</u>	<u>-</u>
	<u>\$51,115</u>	<u>\$ 62,119</u>

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 3 - INVESTMENTS, ADVANCES AND RECEIVABLES

Investments advances and receivables as of December 31 consist of the following:

	<u>2002</u>	<u>2001</u>
CRDA deposits	\$ 11,909	\$ 11,128
CRDA bonds receivable	2,806	2,299
CRDA Seat License Agreement	5,216	5,840
CRDA Long-term note receivable	890	-
Other, net	<u>20</u>	<u>20</u>
	20,841	19,287
Less: valuation allowance on CRDA investments	<u>(5,201)</u>	<u>(5,168)</u>
	<u>\$15,640</u>	<u>\$ 14,119</u>

In June 2002, the Company made a direct investment of \$1,000 of its North Jersey CRDA Obligations. The investment was in the form of a donation of \$100 and a loan of \$900 at the CRDA's statutory pool bond rate.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment as of December 31 consist of the following:

	<u>2002</u>	<u>2001</u>
Land	\$ 118,090	\$ 117,991
Buildings and improvements	543,451	533,950
Furniture, fixtures and equipment	208,249	194,979
Construction in progress	<u>10,723</u>	<u>1,208</u>
	880,513	848,128
Less accumulated depreciation and amortization	<u>(343,656)</u>	<u>(310,297)</u>
	<u>\$ 536,857</u>	<u>\$ 537,831</u>

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 5 – NOTES PAYABLE

At December 31, 2000, the Company entered into an uncommitted \$50,000 credit facility with Park Place Finance Corporation (PPFC), a wholly owned subsidiary of PPE. At December 31, 2002 and 2001, respectively, there was no outstanding balance.

NOTE 6 - OTHER ACCRUED EXPENSES

Other accrued expenses as of December 31 consist of the following:

	<u>2002</u>	<u>2001</u>
Accrued payroll and benefits	\$10,791	\$ 9,847
Insurance claims	5,379	4,841
Real estate taxes	3,135	3,135
Other	<u>8,969</u>	<u>10,791</u>
	<u>\$28,274</u>	<u>\$28,614</u>

NOTE 7- OTHER CURRENT LIABILITIES

Other current liabilities as of December 31 consist of the following:

	<u>2002</u>	<u>2001</u>
Due to affiliates-other	\$40,469	\$24,414
Unredeemed slot promotions liability	1,612	2,012
Unredeemed chip and token liability	5,091	3,428
Other	<u>1,723</u>	<u>1,839</u>
	<u>\$48,895</u>	<u>\$31,693</u>

NOTE 8 - LONG-TERM DEBT - DUE TO AFFILIATES

Long-term debt - due to affiliates as of December 31 2002 and 2001, respectively consists of Park Place Finance Corp note due December 31, 2010 at 8.50%.

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 9 – LONG-TERM DEBT, OTHER

Long-term debt, other as of December 31 consist of the following:

	<u>2002</u>	<u>2001</u>
Mortgage Note due October 15, 2011 interest at 10.0%	\$ 746	\$ 769
Capitalized lease obligation, net of amounts representing interest	<u>398</u> 1,144	<u>792</u> 1,561
Less :current maturities	<u>(416)</u>	<u>(387)</u>
	<u>\$ 728</u>	<u>\$ 1,174</u>

NOTE 10 – CHARGES FROM AFFILIATES - MANAGEMENT FEE

The Company has recorded expenses for the three months ended December 31 from CWI and affiliates as follows:

		<u>2002</u>	<u>2001</u>
<u>Affiliate</u>	<u>Transaction</u>		
Caesars World, Inc.	Management fee	\$ 3,829	\$ 3,809
Caesars Palace Corp.	Tradename fee	<u>1,587</u>	<u>1,564</u>
		<u>\$ 5,416</u>	<u>\$ 5,373</u>

The Company has recorded expenses for the twelve months ended December 31 from CWI and affiliates as follows:

		<u>2002</u>	<u>2001</u>
<u>Affiliate</u>	<u>Transaction</u>		
Caesars World, Inc.	Management fee	\$16,912	\$15,735
Caesars Palace Corp.	Tradename fee	<u>6,316</u>	<u>6,195</u>
		<u>\$23,228</u>	<u>\$21,930</u>

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 11 - NONOPERATING INCOME (EXPENSE) - NET

Nonoperating income (expense) for the three months ended December 31 consist of the following:

	<u>2002</u>	<u>2001</u>
Interest income	\$ 88	\$ 66
Gain (loss) on disposal of equipment	(783)	-
Other	<u>-</u>	<u>23</u>
	<u>\$ (695)</u>	<u>\$ 89</u>

Nonoperating income (expense) for the twelve months ended December 31 consist of the following:

	<u>2002</u>	<u>2001</u>
Interest income	\$ 317	\$ 378
Gain (loss) on disposal of equipment	(785)	-
Other	<u>-</u>	<u>23</u>
	<u>\$ (468)</u>	<u>\$ 401</u>

STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

1. I have examined this Quarterly Report.
2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2 (b) 1-5 during the quarter.



Signature

Assitant Vice President/Controller

Title

#6908-11

License Number

On Behalf Of:

Boardwalk Regency Corporation

Casino Licensee

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

LICENSEE: BOARDWALK REGENCY CORPORATION (Caesars Atlantic City)

FOR THE YEAR ENDED DECEMBER 31, 2002

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

TRADING NAME OF LICENSEE: BOARDWALK REGENCY CORPORATION (Caesars Atlantic City)

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2002

(UNAUDITED)
(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES


LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE- (e) NET OF ALLOWANCE
	Patrons' Checks:			
1	Undeposited patrons' checks	\$ 10,027		
2	Returned patrons' checks	10,869		
3	Total patrons' checks	20,896	\$ (7,321)	\$ 13,575
4	Hotel Receivables	1,477	(536)	941
	Other Receivables:			
5	Receivables due from officers and employees	60		
6	Receivables due from affiliates	33,579		
7	Other accounts and notes receivables	2,960		
8	Total other receivables	36,599	---	36,599
9	Totals (Form CCC 205)	\$ 58,972	\$ (7,857)	\$ 51,115

UNDEPOSITED PATRONS' CHECKS ACTIVITY

LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	\$ 11,500
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	320,340
12	Checks redeemed prior to deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits)	(118,509)
13	Checks collected through deposits	(29,014)
14	Checks transferred to returned checks	(174,190)
15	Other adjustments	---
16	Ending Balance	\$ 10,027
17	"Hold" Checks Included In Balance On Line 16	\$ 0
18	Provision For Uncollectible Patrons' Checks	\$ 1,742
19	Provision As A Percent Of Counter Checks Issued	0.54%

Under penalties of perjury, I declare that I have examined this report, and to the best of my knowledge and belief, it is true and complete.

March 31, 2003
Date


Signature
Assistant Vice President/Controller
Title of Officer

ANNUAL EMPLOYMENT AND PAYROLL REPORT

LICENSEE: BOARDWALK REGENCY CORPORATION (Caesars Atlantic City)

FOR THE YEAR ENDED DECEMBER 31, 2002

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

ANNUAL EMPLOYMENT AND PAYROLL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2002

(\$ in thousands)


LINE	(a)	DEPARTMENT (b)	NUMBER OF (c) EMPLOYEES	(d) OTHER EMPLOYEES	SALARIES AND WAGES (e) OFFICERS & OWNERS	(f) TOTALS
1		CASINO				
2		Administration	33			
3		Gaming	1,112			
4		Slots	241			
5		Casino accounting	344			
6		Simulcasting	17			
7		Other	0			
8		Total-casino	1,747	45,266 \$	585 \$	45,851
9		ROOMS	384	7,938	175	8,113
10		FOOD AND BEVERAGE	1,408	26,107	165	26,272
11		OTHER OPERATED DEPARTMENTS				
12		Parking Operations	113	1,367		1,367
13		Health Club / Pool Services	11	221		221
14		Telephone room	24	530		530
15		Retail stores	21	616		616
16		Coat Check	4	95		95
17						
18						
19						
20		ADMINISTRATIVE AND GENERAL				
21		Executive office	5	506	1,235	1,741
22		Accounting and auditing	44	1,771		1,771
23		Security	235	7,002		7,002
24		Other administrative and general department	49	1,540		1,540
25		MARKETING	234	7,642	1,327	8,969
26		GUEST ENTERTAINMENT	180	1,830		1,830
27		PROPERTY OPERATION AND MAINTENANCE	344	10,642		10,642
28		TOTALS - ALL DEPARTMENTS	4,803	113,073 \$	3,487	116,560

TRADING NAME OF LICENSEE: BOARDWALK REGENCY CORPORATION (Caesars Atlantic City)

**ANNUAL EMPLOYMENT AND PAYROLL REPORT
SIGNATURE PAGE**

FOR THE YEAR ENDED DECEMBER 31, 2002

Under penalties provided by law, I declare that I have examined this report, and to the best of my knowledge and belief, it is true and complete.


Signature

March 31, 2003
Date

Assistant Vice President/Controller
Title

TRADING NAME OF LICENSEE CAESARS ATLANTIC CITY

GROSS REVENUE ANNUAL TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 2002

(\$ in Thousands)

Line

CASINO WIN:

1.	Table and Other Games Win.....	\$	178,654
2.	Slot Machines Win.....		348,748
3.	Total Win.....		527,402
Less - Adjustment for Uncollectible Patrons' Checks:			
4.	Provision for Uncollectible Patrons' Checks	\$	3,161
5.	Maximum Adjustment (4% of line 3)		21,096
6.	Adjustment (the lesser of line 4 or line 5)		3,161
7.	Gross Revenue (line 3 less line 6).....	\$	524,241
8.	Tax on Gross Revenue - Reporting Year (8% of line 7).....	\$	41,939
9.	Audit or Other Adjustments to Tax on Gross Revenues in Prior Years		-
10.	Total Taxes on Gross Revenue (the sum of lines 8 and 9).....		41,939
11.	Total Deposits Made for Tax on Reporting Year's Gross Revenue.....		(38,934)
Settlement of Prior Years' Tax on Gross Revenue			
12.	Resulting from Audit or Other Adjustments - (Deposits) Credits		3,005
13.	Gross Revenue Taxes Payable (the net of lines 10, 11 and 12)	\$	3,005

Under penalties of perjury, I declare that I have examined this Gross Revenue Annual Tax Return and to the best of my knowledge and belief, the information contained in this return is accurate.

2/10/03

Date



SUSAN A. COWELL

Signature

Casino Controller

Title of Officer